

Supply Chain Update 2023 April

2023/4/24

Prepared by Yusen Logistics Supply Chain Solution



Yusen Logistics
Wechat Account



Ocean Freight Trend



Airfreight Trend



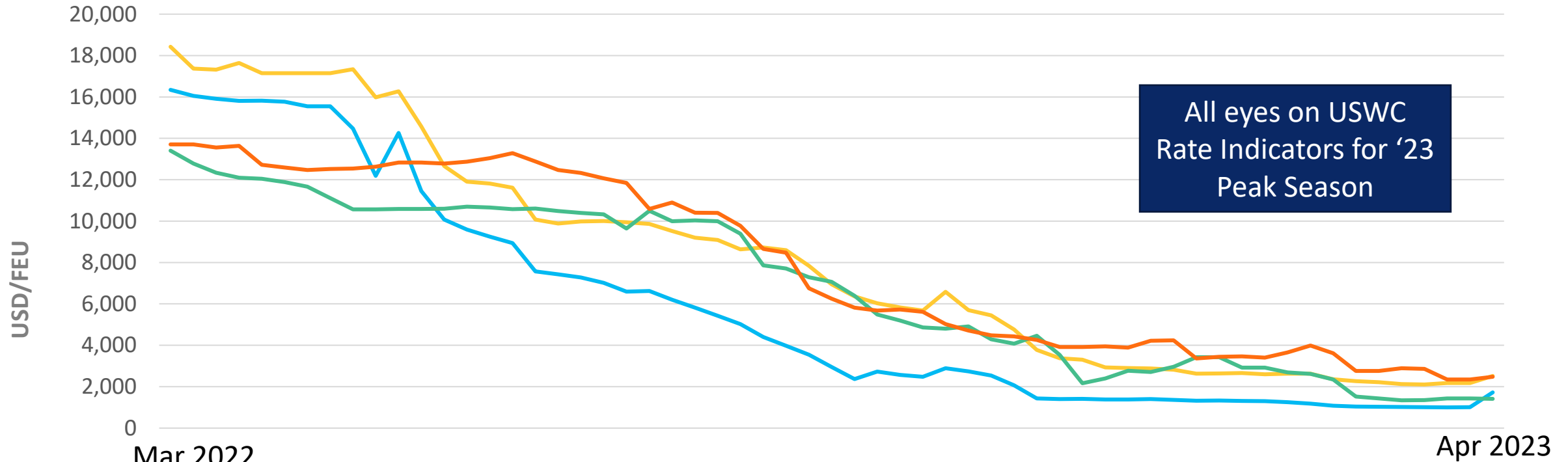
**Supply Chain
News Tracker**



**Industry Vertical
Updates**



Freightos Baltic Global Container Index (FBX) in Past 6 Months



	2022/3/11	2022/4/1	2022/5/6	2022/6/3	2022/7/1	2022/8/5	2022/9/2	2022/10/7	2022/11/4	2022/12/2	2023/1/6	2023/2/3	2023/3/3	2023/4/7	2023/4/14	2023/4/21
China/East Asia to North America West Coast	16,341	15,811	14,471	10,076	7,568	6,617	5,025	2,361	2,890	1,430	1,401	1,313	1,078	1,000	1,008	1,724
China/East Asia to North America East Coast	18,427	17,644	17,342	12,663	10,072	9,862	8,630	6,355	6,586	3,770	2,875	2,660	2,359	2,171	2,171	2,518
China/East Asia to North Europe	13,406	12,095	10,565	10,599	10,604	10,494	9,384	6,389	4,800	4,460	2,712	2,920	2,340	1,427	1,429	1,410
China/East Asia to Mediterranean	13,704	13,633	12,534	12,781	12,885	10,583	9,767	5,819	5,023	4,259	4,221	3,462	3,608	2,347	2,341	2,479

— China/East Asia to North America West Coast
 — China/East Asia to North America East Coast
 — China/East Asia to North Europe
 — China/East Asia to Mediterranean

Ocean Freight Market Updates

Ocean carriers showing signs of resilience despite freight rate plunge: analyst

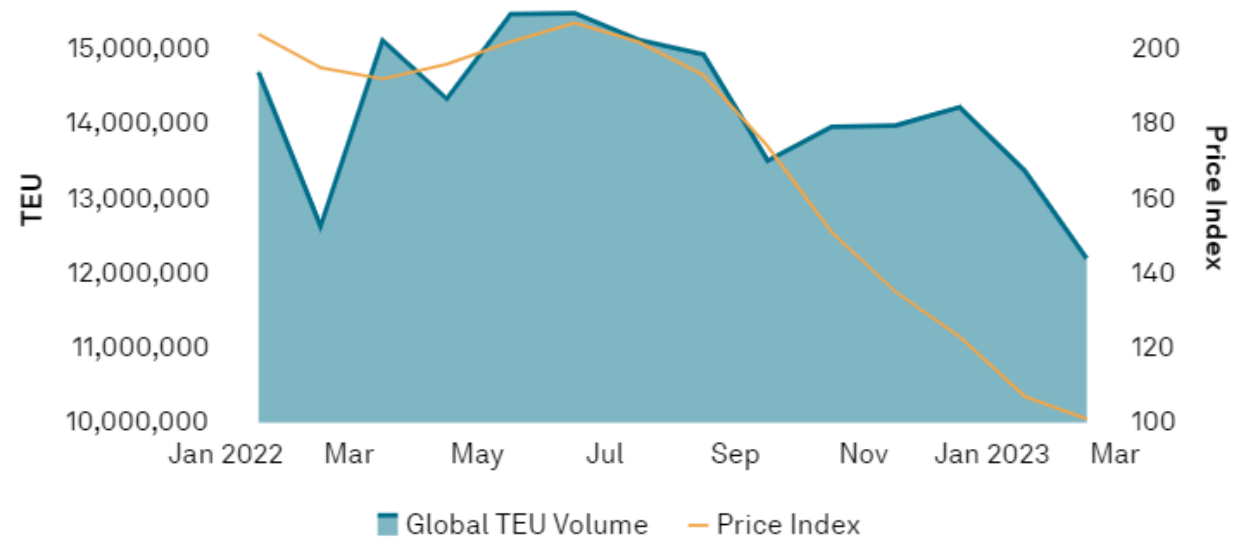
Year-on-year growth rates went into a sharp decline from Sep 2022, according to global data from CTS. **Headhaul TEU miles have declined in the range of 13 to 16 percent from Sep 2022 to Feb 2023.** The freight index for February 2023 is at 101, down from a peak of 204 seen in parts of 2022, but remains quite high compared with pre-pandemic levels. We are in a market situation where the supply/demand situation has worsened substantially, yet the average global rate level remains quite a bit above what was normal in the years prior to the pandemic.

Over one million twenty-foot equivalent import containers per year have shifted away from U.S. West Coast ports, **with Gulf Coast ports being the biggest beneficiary. Asian-based imports contributed the most to volume growth at Gulf Coast ports.**

A US domestic and transpacific carrier commented that current business conditions on the transpacific were “mixed”, with “some improvement in retailer inventories” and “an improvement in tradelane capacity”. There are indications that a rebound might already be happening, with the port of Los Angeles *Signal* manifest data for last week showing a spike in import boxes, enabling carriers to implement a good percentage of their mid-month GRIs.

Source: [JOC](#), [gCaptain](#), [The Loadstar](#)

Global volume and price Index (CTS)
Monthly containerized global total trade, with price index level



Ocean Capacity and Rate Trend

Trade	Capacity*	Notes
Asia-North America	Open	<ul style="list-style-type: none"> • Short term of space demand mainly caused by the blank sailing and tight production schedule before the labour day holiday break in early May. Actual demand is not improved. • Blank sailing situation will improve in May. • Carriers applied GRI for around USD600-700/40' to base port & USD600-800/40' to IPI/RIPI in 2H of April. • Port congestion is under control except Oakland. • No equipment issue. • USWC GRI: USD1,000/FEU effective Apr 15. • USEC GRI: USD1,000/FEU effective Apr 15.
Asia-Europe	Tight - This Week (Apr 16-22) Normal - Next Week (Apr 23-29)	<ul style="list-style-type: none"> • Overall demand is not strong due to serious inflation in Europe region, which is driven by the high energy and food cost. • Carriers are withdrawing vessels from the market, to tackle with the soft demand situation. • After some increase in early Apr, carriers mainly extend their rate in 2nd half of Apr, expect the rate will be further extended in May. • Vessels in general are marginally full, some carriers are open to accept additional booking for potential roll pool. • Equipment supply in AEWB trade is basically sufficient, not much equipment shortage case.
Asia-Latin America	ECSA Tight - This Week Normal - Next Week WCSA/MX Extremely Tight	<ul style="list-style-type: none"> • Most vessels are extremely full with rollover to both Mexico (MX) / West Coast South Asia (WCSA) and East Coast South Asia (ECSA) till mid of May. It is hard to get space in Apr and it is highly recommended to place booking at least 3-4 weeks in advance. • Rates to MX and WCSA will be increased by around USD300/40' and rates to ECSA will be extended to end of Apr. • Carriers are trying to increase rates by every 7 days. • No equipment issue.

*Based on actual utilization/loading factors of carriers - Extremely Tight : >110% / Tight : 100-110% / Normal : 90-100% / Open : 80-90% / Wide open : <80%

Source: Yusen Logistics Internal Research

Ocean Capacity and Rate Trend

¹East Asia; ²South Asia & Oceania; ³China; ⁴Japan; ⁵Oceania

Trade	Capacity*	Notes
EAS ¹ to SAO ²	Tight	<ul style="list-style-type: none"> Market demand: Normal. Capacity update: Space ex North and Central China is tight, advance booking is recommended.
CN ³ to JP ⁴	Normal	<ul style="list-style-type: none"> Cargo demand pick up slowly. Normal capacity.
EAS ¹ to OCE ⁵	Normal	<ul style="list-style-type: none"> Soft market demand. Rate related info: Apr GRI not successful. Spot rate remain flat at low side. ASL exit from Australia southbound trade.
EAS ¹ to India	Normal	<ul style="list-style-type: none"> Normal market demand. Tight space ex. China to South India – Chennai (MAA). Rate related info: rate is trending up from 2nd half of Apr. Carrier preferred light cargo.
SAO ² to EAS ¹	Normal	<ul style="list-style-type: none"> Normal market demand and capacity. Rate: carriers are willing to review on a case-by-case basis.
SAO ² to SAO ²	Normal	<ul style="list-style-type: none"> Normal market demand and capacity. Market rate has a wide range depending on origin and destination countries. Congestion is 1-2 days except Manila with a lead time 5 days.
SAO ² to JP ⁴	Normal	<ul style="list-style-type: none"> Normal market demand and capacity. Rate for Japan main ports remain stable. Congestion is around 1-2 days.
SAO ² to OCE ⁵	Normal (ex SAO)	<ul style="list-style-type: none"> Normal market demand. Overall space is still open for bookings. Market rate remain stable.
SAO ² to India	Normal (ex SAO)	<ul style="list-style-type: none"> Normal market demand and capacity. Market rate remain stable with slightly adjustment.

*Based on actual utilization/loading factors of carriers - Extremely Tight : >110% / Tight : 100-110% / Normal : 90-100% / Open : 80-90% / Wide open : <80%

Source: Yusen Logistics Internal Research

Blank Sailing on Asia-North America lane

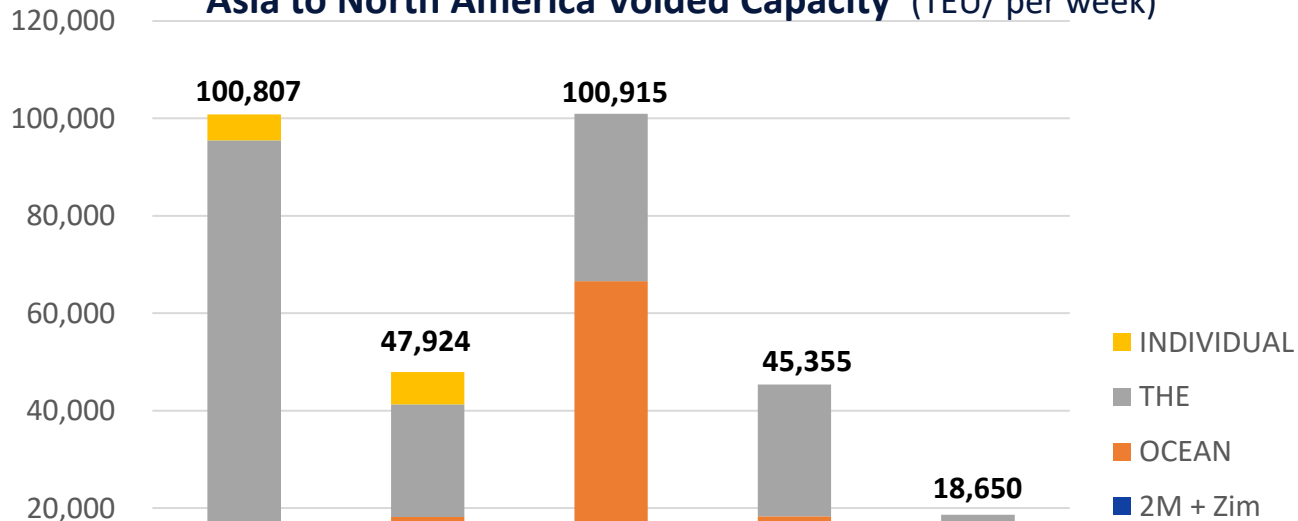
Blank sailing report (including other trade lanes)



Blank Sailing report - 2023-4-18.xlsx

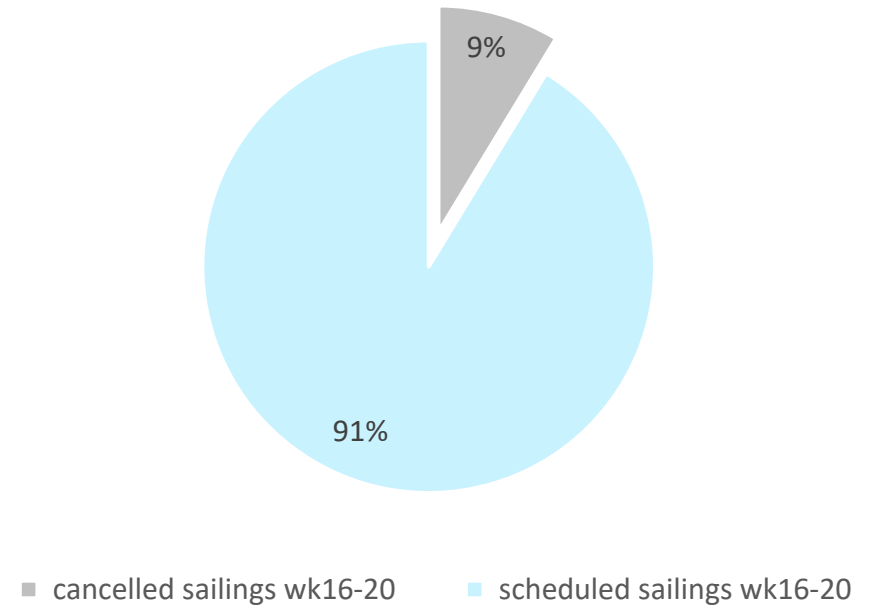
Between **week 16 to week 20**, Drewry sees a total of **313,651 TEU** voided, with a total of 30 blank sailings, 16 from Asia to the West Coast of North America and 14 from Asia to the East coast of North America, out of 345 scheduled sailings. This represents an 9% sailing cancellation rate.

Asia to North America Voided Capacity (TEU/ per week)



	week16	week17	week18	week19	week20
INDIVIDUAL	5,329	6,622			
THE	83,078	23,129	34,340	27,029	8,588
OCEAN		11,388	51,623	11,388	
2M + Zim	12,400	6,785	14,952	6,938	10,062

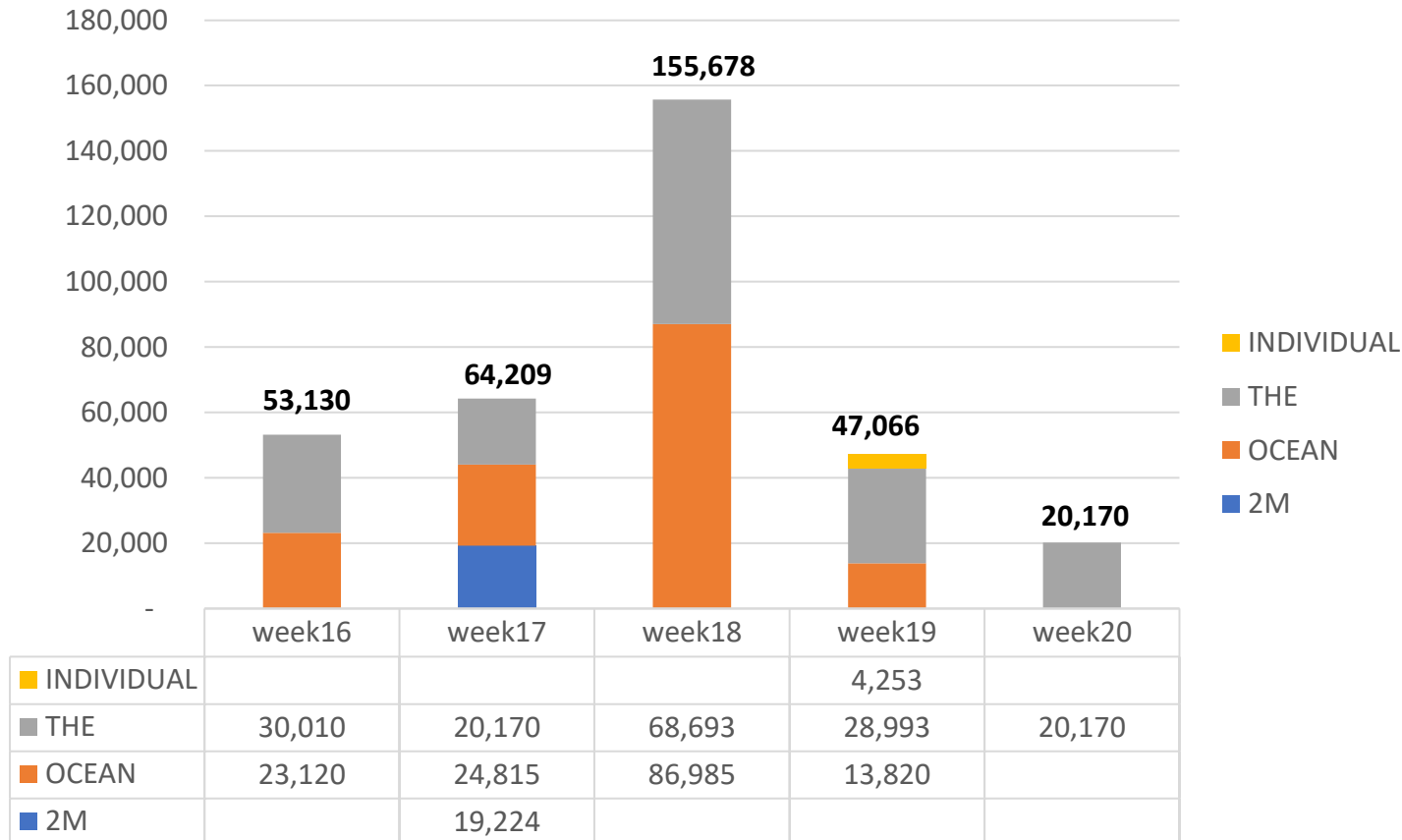
Cancelled vs Scheduled Sailings



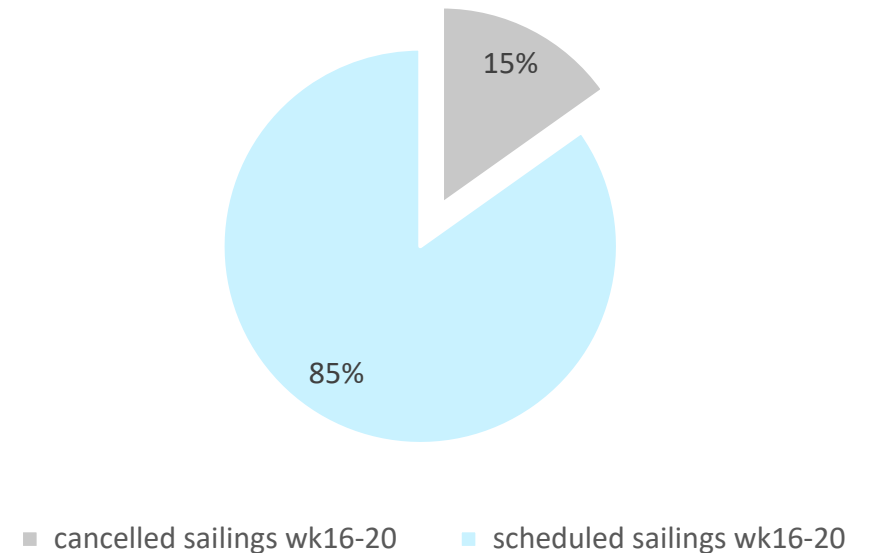
Blank Sailing on Asia-Europe & Mediterranean lane

Between **week 16 to week 20**, Drewry sees a total of **340,253 TEU** voided, with a total of 22 blank sailings, 12 from Asia to Mediterranean and 10 from Asia to Europe out of 145 scheduled sailings. This represents a 15% sailing cancellation rate.

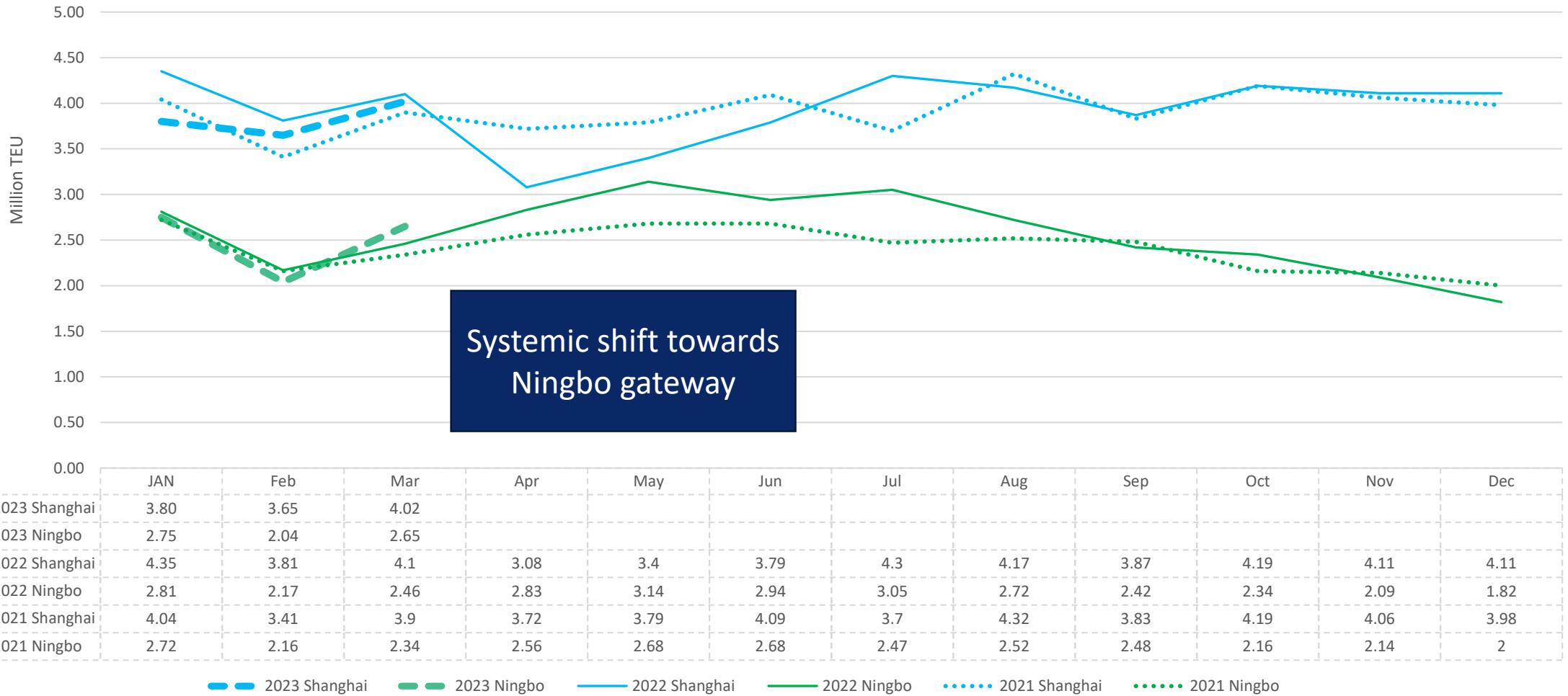
Asia to Europe + Asia to Mediterranean Voided Capacity (TEU/ per week)



Cancelled vs Scheduled Sailings



Container throughput of Shanghai Port and Ningbo Port Combined



Source: Ministry of Transport of China <https://www.mot.gov.cn/tongjishuju/gangkouhuowulvketl/>
 SIPG <https://www.portshanghai.com.cn/tjsj/index.jhtml>

Asia Port Conditions

Port	Condition* (Last update:2023/04/20)	Comments
Shanghai	Minor congestion	<ul style="list-style-type: none"> WGQ: waiting time about 1 to 1.5 days, port closed 12 hours on 17-18April due to dense fog YS: minor delay within 1 day
Ningbo	Congestion	<ul style="list-style-type: none"> delay about 1 to 2 days, port closed 29 hours 17-18April due to dense fog
Qingdao	Minor congestion	<ul style="list-style-type: none"> berthing delay 1 to 1.5 days, port closed 48 hours between 14 and 18April due to dense fog
Lianyungang	---	<ul style="list-style-type: none"> port closed 43 hours between 14 and 17 April due to strong wind
Shekou	Normal	<ul style="list-style-type: none"> operation normal, no delay.
Yantian	Normal	<ul style="list-style-type: none"> operation normal, no berthing delay
Nansha	Normal	<ul style="list-style-type: none"> no delay
Hong Kong	Normal	<ul style="list-style-type: none"> operation normal, no congestion
Pusan	Normal	<ul style="list-style-type: none"> berthing delay within half a day. Laden yard density at about 75%
Singapore	Minor congestion	<ul style="list-style-type: none"> berth waiting time more than 1 day due to bunch arrivals
Manila	Normal	<ul style="list-style-type: none"> no congestion
Port Kelang	Normal	<ul style="list-style-type: none"> congestion about 1 day due to vessels bunching arrival, port operation will stop for 4 hours on 22April for Hari Raya Aidilfitri
Bangkok	Normal	<ul style="list-style-type: none"> average 10 hours delay at PAT last week
Jakarta	---	<ul style="list-style-type: none"> port to close 24 hours on 21-22April for IDUL Fitri celebration
Cai Mep, Vietnam	Normal	<ul style="list-style-type: none"> waiting time is less than 1 day. Yard Density is between 55% and 64%.

*Based on avg terminal waiting time – Heavy congestion: 3 days or more, Congestion: 2 -2.5 days, minor Congestion: 1.5 days, Normal: 1 day or less

Air Freight Market Updates

Global demand decline slows while rates slide further

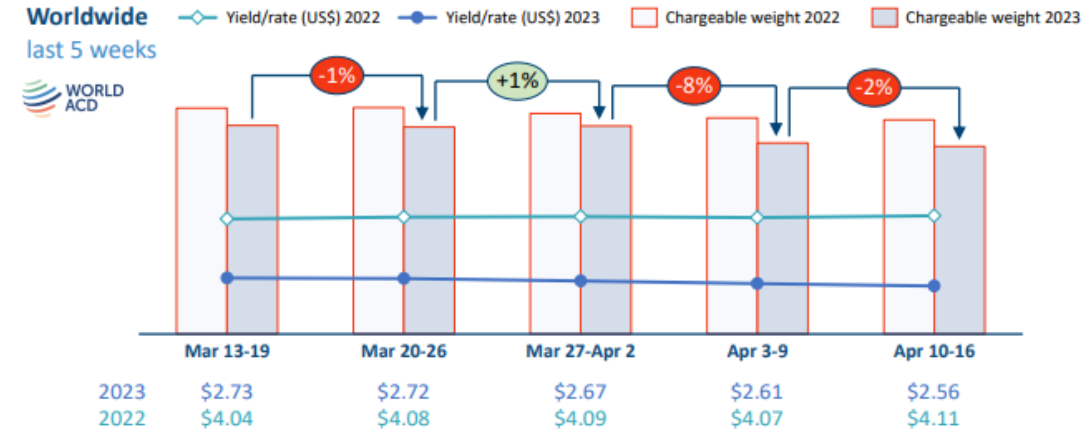
Worldwide air cargo demand continued its decline in the second full week of April, albeit at a slower pace than recorded in last week's report, preliminary figures from WorldACD Market Data indicate.

Figures for week 15 (10 to 16 April) show a continuation of the decreasing trend in air cargo tonnages observed since mid-March, but with a week-on-week drop of just -2% compared to a -8% decline reported in week 14. Meanwhile, average global air cargo prices continued their decline with a further -2% drop, week on week basis.

At a regional level, the downward trend in air cargo tonnages is visible from all the main origin regions and on all lanes particularly flows ex-Europe, mainly due to the Easter holidays. On Year-on-Year perspective, chargeable weight in weeks 14 and 15 was down -12% compared with the equivalent period last year. Notable percentage decreases in tonnages year-on-year were ex-North America (-25%) and ex-Europe (-18%). Worldwide rates are currently -37% below their levels this time last year despite the effects of higher fuel surcharges, although they remain significantly above pre-Covid levels.

Source: WorldACD

Worldwide performance on rate & CW
(weekly comparison, last 5 weeks record)



Origin Regions, capacity, CW & rate performance
(last 2 to 5 weeks and y-o-y comparison)

Origin Regions last 2 to 5 weeks	Capacity ¹			Chargeable weight ¹			Yield/rate ¹		
	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY	Last 5 wks	2Wo2W	YoY
Africa	-	+2%	+19%	-	-4%	-7%	-	-3%	-17%
Asia Pacific	-	+1%	+33%	-	-6%	-4%	-	-4%	-44%
C. & S. America	-	-4%	-2%	-	-8%	-8%	-	-2%	-12%
Europe	-	+2%	+11%	-	-15%	-18%	-	-5%	-37%
M. East & S. Asia	-	+0%	+11%	-	-5%	-6%	-	-7%	-48%
North America	-	-2%	+5%	-	-10%	-25%	-	-4%	-24%
Worldwide	-	-0%	+12%	-	-9%	-12%	-	-4%	-37%

¹ 2Wo2W compares the last 2 weeks with the preceding 2 weeks this year. YoY compares the last 2 weeks with the same 2 weeks last year.



SUPPLY CHAIN NEWS TRACKER

China has a “significant container surplus,” Container xChange says
The trend is caused by a drop in Chinese exports during the first quarter of 2023, owing to reduced demand following the October-to-December peak season quarter and to Chinese New Year shutdowns...

[Read
more](#)

Boost for India's exports as global supply chain 'reorients itself'
With growing trade diversification from China, India-US bilateral trade also received a boost in 2022-23, up 8% yoy...


[Read
more](#)

Germany: Hundreds of flights canceled amid strikes
Security workers at three German airports went on strike on 20April, prompting the cancellation of around 700 flights. The action affects the Düsseldorf, Hamburg, and Cologne/Bonn airports and it is set to widen to security staff at Stuttgart airport on 21April...

[Read
more](#)

Carriers hit by wave of rising costs rethink N Europe box port networks
CMA CGM has announced that from 15May it will transfer its remaining vessel calls at the Polish port of Gdynia to the Baltic Hub container terminal at Gdansk...

[Read
more](#)



[Global Covid19
measures,
please visit here](#)

Industry Vertical Updates

The use of robots in retail to promote ESG practices ([Read](#))

Robots provide new opportunities to address the challenge of ESG (Environment, Social and Governance) in the retail industry. They are increasingly being used in the sector to promote sustainability in various ways and help to optimize transportation logistics, reducing fuel consumption and emissions. Example as in the UK who co-op with Starship Technologies, groceries are locked within a compartment on the robot, which customers can unlock using an app. The autonomous robot powered by zero-carbon electricity and use a combination of sensors and Artificial Intelligence to travel on pavements at the speed of a pedestrian. Alibaba also deployed autonomous robots to conduct deliveries during the Covid-19 pandemic which delivered more than 10 million parcels between September 2020 and March 2022. Retailers are also using cleaning and maintenance robots to promote sustainability. For example, Nike's robot-powered system for footwear, the Bot Initiated Longevity Lab (BILL), is designed to clean and repair footwear with selected customizations to extend its lifecycle. The use of robotics in retail is not only advantageous in terms of reducing companies' carbon footprints, but it also optimizes their operations and enhances their brand image by demonstrating their commitment to sustainability.



Planemakers talk up 'surge capacity' amid industrial woes ([Read](#))

Both Airbus and Boeing have announced recently to expand factory space and hiring more staff to tame post-COVID disruption now in its fourth year. Planemakers shift their production strategy to make factories more resilient by adding "surge capacity", ramped up internal fabrication and increased inventory of select parts for risk protection. However, there is risk that when demand slows the added capacity and inventory may no longer be profitable. Yet the stakes of sticking to previous just-in-time methods are just as high.

- All materials, content and forms contained in this document may not be copied, reproduced, distributed or displayed without Yusen Logistics' permission. Except where otherwise indicated, copyright of materials present in this document resides with Yusen Logistics.
- Yusen Logistics does not warrant, either expressly or implied, the accuracy, timeliness, or appropriateness of the information contained in this document.
- Yusen Logistics disclaims any responsibility for content errors, omissions, or infringing material and disclaims any responsibility associated with relying on the information provided in this document.
- Content may contain usage of copyrighted material that has not been specifically authorized by the copyright holders. The material is made available in this document as a way to advance research and news-sharing related to supply chain and logistics market. Hence, creating a transformative use of copyrighted media with accreditation.

INSIGHT INTO ACTION

For any questions or comments regarding to the content of this material, please contact:

yuka.koganemaru@cn.yusen-logistics.com